



# Senate

General Assembly

**File No. 515**

January Session, 2023

Substitute Senate Bill No. 1139

*Senate, April 12, 2023*

The Committee on Planning and Development reported through SEN. RAHMAN of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***AN ACT CONCERNING THE METROPOLITAN DISTRICT OF HARTFORD COUNTY.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8 of number 511 of the special acts of 1929, as  
2 amended by section 3 of special act 83-31, section 1 of special act 99-12  
3 and section 3 of special act 14-21, is amended to read as follows (*Effective*  
4 *July 1, 2023*):

5 Said board, either directly or under committees consisting of one or  
6 more members of said board, shall organize bureaus for the convenient  
7 carrying into effect of the several functions herein committed to said  
8 board and may define the powers and duties of such bureaus and  
9 delegate to them such powers and duties by ordinance, by-law or  
10 otherwise as may, in the judgment of the board, be necessary for the  
11 convenient operation of the same. No member of the board shall receive  
12 any pay for his or her services as such member or as a member of a sub-  
13 committee of the board except that a reasonable sum may annually be

14 appropriated for the actual expenses of said board. The board may, by  
15 ordinance, by-law or otherwise, fix the salaries and define the duties of  
16 all officers and employees or may delegate the fixing of salaries of  
17 employees and assignment of duties of employees to sub-committees or  
18 bureau managers. The chairman and vice-chairman of said district and  
19 of all sub-committees, bureaus, boards and commissions appointed by  
20 the district board shall, unless otherwise provided in the appointment  
21 or [herein] in this section, hold office until the end of the fiscal year of  
22 their appointment and thereafter shall be appointed for terms of two  
23 years and until their successors shall be appointed and shall have  
24 qualified. The members of all sub-committees, bureaus, boards and  
25 commissions appointed by the district board shall, unless otherwise  
26 provided in the appointment or [herein] in this section, hold such  
27 membership until the end of the fiscal year of their appointment and  
28 thereafter shall hold membership for terms of two years and until their  
29 successors shall be appointed and shall have qualified. The managers of  
30 the water bureau and of the bureau of public works and such others of  
31 the officers as by the district board shall be especially so designated shall  
32 hold office during good behavior and shall be removed only for cause.  
33 All other officers and employees may be removed at any time by the  
34 district board at pleasure. All vacancies may be filled by the district  
35 board. Said district board [shall have power to] may fill any vacancy  
36 occurring in its number for the unexpired portion of the term and,  
37 except as otherwise expressly provided, shall act in all cases by a  
38 majority of those present at any regular or special meeting, duly  
39 warned. A majority of the board shall constitute a quorum and the time,  
40 place and manner of calling meetings and the holding thereof, including  
41 the manner of dissolving tie votes, shall be prescribed by said board by  
42 by-law or otherwise. The district board shall be the final judge of the  
43 election returns and validity of elections and qualifications of its  
44 members and shall decide all tie votes in elections. Except as hereinafter  
45 provided, the district board shall have power to authorize the sale,  
46 transfer and conveyance of real and personal estate belonging to the  
47 district, and shall provide by by-law or otherwise for the form and  
48 manner of execution of the documents and instruments convenient

49 therefor. The Auditors of Public Accounts, established under chapter 23  
50 of the general statutes, shall audit the district accounts annually in  
51 accordance with the provisions of said chapter. The district board [shall  
52 make provision for the proper auditing of the district accounts and] may  
53 cause any officer to execute bonds to the district with surety to the  
54 acceptance of the district board for the faithful performance of duties.  
55 The district board shall post the current budget of the district in a  
56 conspicuous location on the district's Internet web site.

57 Sec. 2. Section 8 of special act 14-21 is amended to read as follows  
58 (*Effective July 1, 2023*):

59 The [Metropolitan District Commission] Auditors of Public Accounts  
60 shall, annually, submit a copy of the audit prepared pursuant to  
61 [chapter 111 of the general statutes] section 8 of number 511 of the  
62 special acts of 1929, as amended by section 3 of special act 83-31, section  
63 1 of special act 99-12, section 3 of special act 14-21 and this section, to the  
64 Office of Fiscal Analysis.

65 Sec. 3. Subsection (a) of section 4 of special act 90-27, as amended by  
66 section 6 of public act 93-380 and section 9 of special act 14-21, is  
67 amended to read as follows (*Effective July 1, 2023*):

68 (a) The Metropolitan District in Hartford County created pursuant to  
69 number 511 of the special acts of 1929, as amended, may issue bonds or  
70 other obligations, or may enter into leases of real or personal property  
71 or any interest [therein] in such property, from time to time for the  
72 purpose of paying all or any part of the cost of designing, acquiring,  
73 purchasing, constructing, reconstructing, improving, extending,  
74 financing, refinancing, operating or managing any facility, system,  
75 program or equipment necessary or desirable in connection with  
76 carrying out any of its authorized purposes, including payment of  
77 expenses of administration properly chargeable thereto, including,  
78 without limitation, legal, architectural and engineering expenses and  
79 fees, [and costs of audits,] and payment of costs, fees and expenses  
80 which the district board may deem necessary or advantageous in  
81 connection with the authorization, sale and issuance of bonds or notes

82 or other obligations, including but not limited to, underwriters' discount  
83 and payment of all other items of expense incurred in connection  
84 therewith. The district may issue such types of bonds or other  
85 obligations as the district board by resolution approved by a majority of  
86 its members may determine, including, without limiting the generality  
87 of the foregoing, bonds or other obligations payable as to principal and  
88 interest exclusively from the income and revenues of a particular  
89 facility, system or program. Bonds or other obligations payable as to  
90 principal and interest exclusively from the income and revenues of a  
91 particular facility, system or program shall not constitute an  
92 indebtedness within the meaning of any statutory limitation on the  
93 indebtedness of the district or any member municipality.  
94 Notwithstanding the provisions of sections 23, 24, 25, 26 and 51 of  
95 number 511 of the special acts of 1929, as amended, any surplus moneys  
96 not needed in the determination of the district board to meet the  
97 purposes of funds established pursuant to said sections and any surplus  
98 revenues in the assessable sewer fund may be pledged as additional  
99 security for any such bonds or the provider of any credit enhancement  
100 for any such bonds, which also may be secured by a pledge of any  
101 income or revenues of the district, or a mortgage on any facility or  
102 system or the site thereof. Whenever and for so long as the district has  
103 issued and has outstanding bonds pursuant to this section, the district  
104 board shall fix, charge and collect rates, rents, fees and other charges in  
105 accordance herewith. Neither the members of the district nor any person  
106 executing the bonds shall be liable personally on the bonds by reason of  
107 the issuance thereof. The bonds and other obligations of the district, and  
108 such bonds and obligations shall so state on their face, shall not be a debt  
109 of the state or any political subdivision thereof, and no person other than  
110 the district shall be liable thereon, nor shall such bonds or obligations be  
111 payable out of any funds or properties other than those of the district.  
112 Bonds of the district issued under the provisions of sections 2 and 13 of  
113 number 511 of the special acts of 1929, as amended, and sections 2 and  
114 4 of special act 90-27, as amended by public act 93-380 and this section,  
115 are declared to be issued for an essential public and governmental  
116 purpose. In anticipation of the sale of such bonds the district may issue

117 negotiable bond anticipation notes and may renew the same from time  
118 to time, but the maximum maturity of any such note including renewals  
119 thereof, shall not exceed five years from the date of issue of the original  
120 note. Such notes shall be paid from any revenues of the district available  
121 therefor and not otherwise pledged, or from the proceeds of sale of the  
122 bonds of the district in anticipation of which they were issued. Such  
123 notes and the resolution or resolutions authorizing the same may  
124 contain any provisions, conditions or limitations which a bond  
125 resolution of the district may contain.

126 Sec. 4. Subsection (c) of section 2-90 of the general statutes is repealed  
127 and the following is substituted in lieu thereof (*Effective July 1, 2023*):

128 (c) Said auditors shall audit, on a biennial basis if deemed most  
129 economical and efficient, or as frequently as they deem necessary, the  
130 books and accounts, records of operations and activities, systems and  
131 data of each officer, department, commission, board and court of the  
132 state government, all institutions supported by the state and all public  
133 and quasi-public bodies, politic and corporate, created by public or  
134 special act of the General Assembly and not required to be audited or  
135 subject to reporting requirements, under the provisions of chapter 111,  
136 except that said auditors shall, on an annual basis, or as frequently as  
137 they deem necessary, audit the books and accounts of the Metropolitan  
138 District of Hartford County. Each such audit may include an  
139 examination of any relevant information concerning the department,  
140 commission, board or court of state government being audited that is in  
141 the possession or control of a private entity that has a contract with such  
142 department, commission, board or court, and such information shall be  
143 provided upon demand in a format prescribed by the auditors at no cost  
144 to the auditors or the department, commission, board or court. Each  
145 such audit may include an examination of performance in order to  
146 determine effectiveness in achieving expressed legislative purposes.  
147 The auditors shall report their findings and recommendations to the  
148 Governor, the State Comptroller and the joint standing committee of the  
149 General Assembly having cognizance of matters relating to  
150 appropriations and the budgets of state agencies.

151 Sec. 5. Section 7-391 of the general statutes is repealed and the  
152 following is substituted in lieu thereof (*Effective July 1, 2023*):

153 When used in this chapter, unless the context otherwise requires, the  
154 following terms shall have the meanings herein specified: "Secretary"  
155 means the Secretary of the Office of Policy and Management;  
156 "municipality" includes each town, consolidated town and city,  
157 consolidated town and borough, city and borough; "audited agency"  
158 includes each district, as defined in section 7-324, or other municipal  
159 utility, [the Metropolitan District of Hartford County], each regional  
160 council of governments, any other political subdivision of similar  
161 character which is created and any other agency created or designated  
162 by a municipality to act for such municipality whose annual receipts  
163 from all sources exceed one million dollars, excluding the Metropolitan  
164 District of Hartford County; "reporting agency" includes each district,  
165 as defined in section 7-324, or other municipal utility, each regional  
166 council of governments, any other political subdivision of similar  
167 character which is created and any other agency created or designated  
168 by a municipality to act for such municipality whose annual receipts  
169 from all sources do not exceed one million dollars; "appointing  
170 authority" means the legislative body of a municipality or the board,  
171 committee or other governing body of such audited agency, except in  
172 any town where the authority to adopt a budget rests with a town  
173 meeting or a representative town meeting "appointing authority" means  
174 the board of finance or other board, committee or body charged with  
175 preparing the budget, or in a town that has no board of finance or other  
176 such board, committee or body, means the board of selectmen or the  
177 town council; "audit report" means the report of the independent  
178 auditor and the annual financial statements of the municipality or  
179 audited agency; "independent auditor" means a public accountant who  
180 is licensed to practice in the state of Connecticut and who meets the  
181 independence standards included in generally accepted government  
182 auditing standards; "public accountant" means an individual who meets  
183 standards included in generally accepted government auditing  
184 standards for personnel performing government audits and the  
185 licensing requirements of the State Board of Accountancy; "receipts"

186 means amounts accrued or received by a municipality, audited agency  
187 or reporting agency and reportable as revenues in accordance with  
188 generally accepted accounting principles; "municipal utility" means  
189 every Connecticut municipality or department or agency thereof, or  
190 Connecticut district, manufacturing, selling or distributing gas or  
191 electricity to be used for light, heat or power or water.

192       Sec. 6. (*Effective July 1, 2023*) (a) There is established a task force to  
193 examine the organization and operations of the Metropolitan District of  
194 Hartford County. The task force's examination shall include, but not be  
195 limited to, a review of the (1) district's charter provisions and  
196 recommendations for revisions to such provisions, and (2) feasibility,  
197 advantages and disadvantages of permitting members of the district's  
198 board of commissioners appointed from nonmember municipalities to  
199 vote with regard to the approval of rates for the use of water established  
200 by the water bureau appointed by such board.

201       (b) The task force shall consist of the following members:

202       (1) One appointed by the speaker of the House of Representatives,  
203 who is a member of the administrative staff of the Capitol Region  
204 Council of Governments;

205       (2) One appointed by the president pro tempore of the Senate, who is  
206 a representative of an organization that advocates for environmental  
207 protection and conservation;

208       (3) One appointed by the minority leader of the House of  
209 Representatives, who is an officer of an engineering or consulting firm  
210 involved in infrastructure improvements to the wastewater system of  
211 the Metropolitan District of Hartford County to achieve the goals of the  
212 federal Clean Water Act, 33 USC 1251 et seq.;

213       (4) One appointed by the minority leader of the Senate, who is an  
214 officer of an investor-owned public water supply company operating in  
215 the state;

216       (5) The Independent Consumer Advocate, selected pursuant to

217 section 7-334a of the general statutes;

218 (6) The Consumer Counsel, appointed pursuant to section 16-2a of  
219 the general statutes, or the counsel's designee;

220 (7) The chairperson of the Public Utilities Regulatory Authority,  
221 elected pursuant to section 16-2 of the general statutes, or the  
222 chairperson's designee;

223 (8) One from the city of Hartford, appointed by the mayor thereof;

224 (9) One from the city of East Hartford, appointed by the mayor  
225 thereof;

226 (10) One from the town of Wethersfield, appointed by the town  
227 manager thereof;

228 (11) One from the town of Newington, appointed by the town  
229 manager thereof;

230 (12) One from the town of Windsor, appointed by the town manager  
231 thereof;

232 (13) One from the town of West Hartford, appointed by the mayor  
233 thereof;

234 (14) One from the town of Bloomfield, appointed by the town  
235 manager thereof;

236 (15) One from the town of Rocky Hill, appointed by the town  
237 manager thereof;

238 (16) One from the town of Glastonbury, appointed by the town  
239 manager thereof;

240 (17) One from the town of East Granby, appointed by the first  
241 selectman thereof;

242 (18) One from the town of South Windsor, appointed by the town  
243 manager thereof; and



244 (19) One from the town of Farmington, appointed by the town  
245 manager thereof.

246 (c) All initial appointments to the task force shall be made not later  
247 than thirty days after the effective date of this section. Any vacancy shall  
248 be filled by the appointing authority.

249 (d) The Independent Consumer Advocate shall serve as chairperson  
250 of the task force and shall schedule the first meeting of the task force,  
251 which shall be held not later than sixty days after the effective date of  
252 this section.

253 (e) The administrative staff of the joint standing committee of the  
254 General Assembly having cognizance of matters relating to planning  
255 and development shall serve as administrative staff of the task force.

256 (f) Not later than January 1, 2025, the task force shall submit a report  
257 on its examination to the joint standing committee of the General  
258 Assembly having cognizance of matters relating to planning and  
259 development, in accordance with the provisions of section 11-4a of the  
260 general statutes. The task force shall terminate on the date that it  
261 submits such report or January 1, 2025, whichever is later.

262 Sec. 7. (*Effective July 1, 2023*) Not later than January 1, 2025, the board  
263 of commissioners of the Metropolitan District of Hartford County shall  
264 adopt, administer and enforce the model code of ethics for  
265 municipalities and special districts developed by the State Ethics  
266 Commission, pursuant to public act 94-172, and as revised from time to  
267 time by the Office of State Ethics.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>July 1, 2023</i>	Number 511 of the special acts of 1929, Sec. 8
Sec. 2	<i>July 1, 2023</i>	SA 14-21, Sec. 8
Sec. 3	<i>July 1, 2023</i>	SA 90-27, Sec. 4(a)

Sec. 4	<i>July 1, 2023</i>	2-90(c)
Sec. 5	<i>July 1, 2023</i>	7-391
Sec. 6	<i>July 1, 2023</i>	New section
Sec. 7	<i>July 1, 2023</i>	New section

**PD**      *Joint Favorable Subst.*

*The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.*

## **OFA Fiscal Note**

### **State Impact:**

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Auditors	GF - Cost	76,505 to 306,020	78,336 to 313,346
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	31,368 to 125,471	32,152 to 128,608

Note: GF=General Fund

### **Municipal Impact:** None

### **Explanation**

The bill requires the Metropolitan District of Hartford (MDC) to be annually audited by the Auditors of Public Accounts (APA) resulting in a cost of \$76,505 to \$306,020 in FY 24 and \$78,336 to \$313,346 in FY 25, with associated fringe benefit costs of \$31,368 to \$125,471 in FY 24 and \$32,152 to \$128,608 in FY 25.

To meet the requirements of the bill the APA will have to hire between one to four new auditors depending on the types of audits required.<sup>2</sup> If only state compliance audits are required then the APA will need one new auditor, but if compliance and additional audits (e.g. financial and federal compliance audits) are required then up to four new auditors are needed.

The bill also establishes a task force to examine the organization and

<sup>1</sup>The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

<sup>2</sup> The bill doesn't specify what types of audits will be required.

operations of MDC resulting in no fiscal impact to the state because the task force has the expertise to meet the requirements of the bill.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the types of audits required.

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**OLR Bill Analysis****sSB 1139*****AN ACT CONCERNING THE METROPOLITAN DISTRICT OF HARTFORD COUNTY.*****SUMMARY**

This bill requires the Metropolitan District of Hartford County (MDC) to be annually audited by the state auditors, rather than independent auditors, and to adopt the State Ethics Commission's model ethics codes.

The bill also creates a task force to study the MDC charter and whether nonmember municipalities should be allowed to vote in MDC board meetings to approve proposed water-use rates (see BACKGROUND). It requires the task force to report its findings to the Planning and Development Committee by January 1, 2025.

The bill also makes conforming changes to the MDC's charter and state law.

EFFECTIVE DATE: July 1, 2023

**AUDIT OF ACCOUNTS*****In Municipal Charter and Auditing Requirements (§§ 1-3 & 5)***

The bill amends MDC's charter to require that the state auditors annually audit the district's accounts. The current charter requires the MDC board to have the district's accounts audited. The bill correspondingly amends the charter to make the state auditors, rather than MDC, responsible for submitting a copy of the audit to the Office of Fiscal Analysis.

Current law also requires MDC to annually hire an independent auditor and comply with the law's auditing requirements for

municipalities and other audited agencies (CGS § 7-392). The bill specifically excludes MDC from the entities that are subject to the municipal auditing law's requirements.

#### **State Auditor Requirements (§ 4)**

The bill adds auditing the MDC's books and accounts to the state auditors' responsibilities and requires it do so annually, or as frequently as they deem necessary.

As under existing law for their audits of other entities, the audit may include an examination of (1) any relevant information in an MDC contractor's possession or control and (2) performance in order to determine effectiveness in achieving expressed legislative purposes. And, as under existing law, the state auditors must report their findings and recommendations to the governor, state comptroller, and Appropriations Committee.

#### **ETHICS CODE**

The bill requires the MDC board, by January 1, 2025, to adopt, administer, and enforce the State Ethic Commission's model code of ethics for municipalities and special districts. Under current law, MDC directors and employees are not subject to the State Code of Ethics for Public Officials (CGS § 1-79) but are subject to the code of ethics in MDC's bylaws.

#### **TASK FORCE**

The bill establishes a task force to examine MDC's organization and operation. The task force must at least (1) review MDC's charter and recommend revisions and (2) evaluate the feasibility, advantages, and disadvantages of allowing the MDC's nonmember municipalities' appointees (see BACKGROUND) to vote in board meetings to approve water use rates proposed by the MDC water bureau.

The task force must consist of the MDC independent consumer advocate, the Office of Consumer Counsel consumer counsel or her designee, the Public Utilities Regulatory Authority chairperson or her designee, and the 16 appointed members shown in the table below. All

initial task force appointments must be made by July 31, 2023, and any vacancy must be filled by the appointing authority.

**Table: Task Force Appointed Members**

<i><b>Appointing Authority</b></i>	<i><b>Number of Appointments</b></i>	<i><b>Qualifications (if any)</b></i>
House speaker	One	Capitol Region Council of Governments administrative staff member
Senate president pro tempore	One	Environmental protection and conservation advocacy organization representative
House minority leader	One	Officer of an engineering or consulting firm involved in MDC wastewater system infrastructure improvements to meet the federal Clean Water Act's goals
Senate minority leader	One	Officer of an investor-owned public water supply company operating in the state
Hartford mayor	One	None specified
East Hartford mayor	One	None specified
Wethersfield town manager	One	None specified
Newington town manager	One	None specified
Windsor town manager	One	None specified
West Hartford mayor	One	None specified
Bloomfield town manager	One	None specified
Rocky Hill town manager	One	None specified
Glastonbury town manager	One	None specified
East Granby first selectman	One	None specified
South Windsor town manager	One	None specified
Farmington town manager	One	None specified

The MDC independent consumer advocate must serve as the task force's chairperson and schedule and hold its first meeting by August 30, 2023. The Planning and Development Committee's administrative staff must serve as the task force's administrative staff. The task force terminates when it submits its report or January 1, 2025, whichever is later.

## **BACKGROUND**

***Member and Nonmember Municipality Board Membership***

MDC member municipalities (Bloomfield, East Hartford, Hartford, Newington, Rocky Hill, West Hartford, Wethersfield, and Windsor) appoint a total of 15 members to the MDC board. The four MDC nonmember municipalities (Farmington, Glastonbury, East Granby, and South Windsor), portions of which receive drinking water from MDC, appoint four members. Nonmember appointees are non-voting, ex-officio members. (The remaining 14 members of the 33-member board are appointed by the governor or General Assembly or are citizen members appointed by the MDC board.)

**COMMITTEE ACTION**

Planning and Development Committee

Joint Favorable Substitute

Yea    21    Nay   0    (03/24/2023)